

Testimony on the Proposed Sale of Caritas Christi Health Care System to Cerberus Capital Management LP

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I am testifying this evening as a member of the Coalition to Strengthen Carney Hospital. Our Coalition is comprised of community groups, public officials and individuals who are deeply concerned about the impact on Carney Hospital from the proposed sale of the non-profit Caritas Christi Health Care System to the for profit private equity firm Cerberus Capital Management LP..

I am the CEO of Dorchester House Multi-Service Center. Our community health center is located a relatively short distance from Carney - directly north on Dorchester Ave. Because of this and despite our close and historical relationship to Boston Medical Center, we have maintained strong clinical ties to Carney since our health center began. Carney is the inpatient and specialty destination of choice for many of our patients who view this important institution as their community hospital. Accordingly, many of our clinicians have for years maintained dual privileges within both the BMC and Carney systems.

In addition to the clinical relationships we are also aware that Carney, as a community hospital, offers relatively low cost and high quality care, something we should all value in this era of health care reform.

For these reasons among the many you will have heard tonight, Dorchester House has an abiding interest in seeing that the Carney Hospital remains a full service acute care and surgical hospital well into the future. We understand and appreciate that the pending sale will bring much needed financial and other resources to the Caritas hospitals. We welcome that prospect and are hopeful that these resources will find their way to Carney in the form of operating and capital dollars. Both will be needed to sustain this important institution.

We worry however that Cerberus as a privately equity firm whose primary loyalty is to its investors might seek profitability at the expense of long held values here in Boston. On completing its initial three year commitment to Caritas, Cerberus might abandon what it considers to be its underperforming operations or operations that are inconsistent with a corporate ethos that is likely very different from the non-profit, charitable and religious driven imperatives of the current system. This could mean the closing of Carney Hospital or indeed the entire Caritas health system. We simply do not know from the information available how this will be resolved over that next three years.

Just as concerning however is what the company might do in order to achieve its financial goals. I am not an expert on private equity firms, but my understanding is that they often look for accelerated profitability. This would be consistent with the three year commitment Cerberus is offering to maintain - a time period that seems far too short for turning around the Caritas

system. What happens during that three year time line, as the company attempts to realize its targeted profits in the context of the financial issues facing Caritas and of Boston's health care system is a question we all should be asking. At Dorchester House for example we worry that in its zeal to realize profits this private equity firm's unfamiliarity with health care systems in general and Boston's health care industry in particular might result in competitive measures that could be destructive of the fragile state of our communities' resources. This might include, for example, establishing or acquiring closed systems of primary care practice that divert patients or primary care clinicians from the health centers serving the same populations and neighborhoods as the Caritas hospitals.

For these and other reasons you will have heard about tonight, Dorchester House has helped to author and has fully endorsed our Coalition's position statement. Accordingly, we are asking the Attorney General and the Department of Public Health to exercise your authorities to insist that Cerberus meet conditions that will provide satisfactory responses to our concerns before approving the sale to them of the Caritas Christi Health System.

Thank you.